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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 8, 2015

CERTIFIED RETURN RECEIPT
7013 3020 0002 3659 5675

Kenneth Lowder
Metamining of Utah
459 South 300 East
Springfield, Utah 84663

Subject: Review of Reclamation Surety, Metamining of Utah, Black Desert Mine, S/023/0088, Juab County, Utah

Dear Mr. Lowder:

The last surety estimate for the Black Desert Mine was done in 2010 and escalated to 2015 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$25,100.00 to \$29,499.00 (three-year escalation) or \$30,000.00 (five-year escalation). The average reclamation costs are outlined below:

| Small Mine Operation (1-5 acres) Bond Calculation Worksheet | | | |
|--|------------|------------------|--------------------|
| (Operation Name) S/023/0088 | | | |
| 3-year escalation (2018) | | | |
| Item | Qty | Unit Cost | Total Cost |
| 1st Acre Disturbance | 1 | \$8,000.00 | \$8,000.00 |
| Add'l Acres Disturbance | 4 | \$5,000.00 | \$20,000.00 |
| Additional Mob/demob >50 miles | 1 | \$1,400.00 | \$1,400.00 |
| TOTAL | | | \$29,400.00 |
| 5-year escalation (2020) | | | |
| Item | Qty | Unit Cost | Total Cost |
| 1st Acre Disturbance | 1 | \$8,200.00 | \$8,200.00 |
| Add'l Acres Disturbance | 4 | \$5,100.00 | \$20,400.00 |
| Additional Mob/demob >50 miles | 1 | \$1,400.00 | \$1,400.00 |
| TOTAL | | | \$30,000.00 |



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Please contact the minerals program bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional surety. Your current surety is in the form of certificate of deposit. You may increase the amount in the certificate of deposit, or you may submit a new certificate of deposit, a letter of credit, a corporate surety bond, or cash for either the entire or the increased amount.

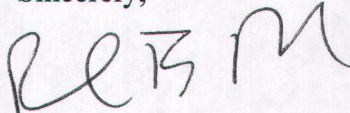
As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Wayne Western at 801 538-5263. The Division would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than September 11, 2015.

In addition, the Division did not receive your annual report for 2014. Please fill out and return the annual report for 2014.

Thank you for your help in keeping the surety current. Please contact Wayne Western at 801-538-5263 if you have any questions concerning this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PBB' followed by a stylized 'M'.

Paul B. Baker
Mining Program Manager

PBB:whw:pb
cc: jmccarth@blm.gov
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